



USAID
FROM THE AMERICAN PEOPLE



Business Plus Initiative
USAID funded project implemented by Chemonics International

QUARTERLY PERFORMANCE REPORT (April – June 2013)

July 2013
Ulaanbaatar, Mongolia



Corporate Governance Diagnostic and Rating Toolkit

Today, as the pace of economic activity increases in Mongolia, corporate governance is becoming more important for firms, in order to attract investors and build trust in the market place. The increased international interest in investing in Mongolian companies has already drawn attention to improving corporate governance practices in the country, by policy makers, business leaders and regulators alike. In May 2013, USAID BPI and partner CGDC launched the Corporate Governance Diagnostic and Scoring Toolkit – a self-assessment tool for Mongolian leaders to identify and diagnose corporate governance weaknesses in their companies.

Project: Mongolia Business Plus Initiative Project (BPI)
Report Title: Quarterly Performance Report (April – June 2013)
Contract No. 438–C–11-00001
Submitted by: BPI Project/Chemonics International Inc., Express Tower, 12th
Floor, Chingeltei District, Ulaanbaatar, Mongolia
Telephone and fax: (976) 11 32 13 75 Fax: (976) 11 32 78 25
Contact: Efrain Laureano, Chief of Party
E–mail address: elaureano@bpi-chemonics.biz

ABBREVIATIONS AND ACRONYMS

BPI	Business Plus Initiative
CGA	Customs General Administration
CGDC	Corporate Governance Development Center
CSC	Citizen Service Center
DS	Development Solutions
EBRD	European Bank for Reconstruction and Development
EJC	Economic Journalists Club
ELC	Economic and Legal Consultancy
ERC	Energy Regulatory Commission
GASI	General Authority for Special Inspection
GASR	General Authority of State Registration
GDT	General Department of Taxation
GIZ	German Agency for International Cooperation
GOM	Government of Mongolia
HACCP	Hazard Analysis and Critical Control Point
IFC	International Finance Corporation
IMRI	Integrated Mineral Resource Initiative
IT	Information Technology
KRA	Key Result Area
MCUD	Ministry of Construction and Urban Development
MMCI	Mongolian Management Consultant's Institute
MNCCI	Mongolian National Chamber of Commerce and Industry
MOF	Ministry of Finance
MOU	Memorandum of Understanding
OCRS	Online Company Registration System
OSF	Open Society Forum
OSS	One-Stop Shop
PCA	Post Clearance Audit
PIR	Project Intermediate Result
PMCG	Policy Management and Consulting Group
PMP	Project Monitoring Plan
QSDC	Quality Supplier Development Center
SME	Small and Medium Enterprises
TAB	Trading Across Borders
TDB	Trade Development Bank
TOT	Training-of-Trainers
TPI	The Press Institute of Mongolia
TRS	Time and Release Study
UBEDN	Ulaanbaatar Electrical Distribution Network
UBM	Ulaanbaatar Municipality
USAID	United States Agency for International Development

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	i
TABLE OF CONTENTS	iii
EXECUTIVE SUMMARY	5
A. Significant Accomplishments	5
B. Salient Programmatic Trends and Ongoing Performance Constraints	8
SECTION I: WORK PLAN IMPLEMENTATION.....	11
A. Introduction	11
B. Work Plan Framework	11
C. Work plan implementation	12
C1. PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved.....	12
KRA 1.1: Trade, paying taxes, getting new electricity connections, construction, and company registration procedures simplified:	12
KRA 1.2: Enabling legal and regulatory environment for trade, business, and finance strengthened	18
KRA 1.3: Enabling legal and regulatory environment to protect investors, enforce contracts, and resolve insolvencies strengthened	19
C2. PIR 2: Private sector capacity and competitiveness strengthened	20
KRA 2.1: Capacity of Mongolian private sector firms to sell products and services meeting buyers' demand strengthened	20
KRA 2.2: Capacity of private sector-led institutions to contribute to an enabling business environment, governance, and country competitiveness strengthened	21
KRA 2.3: Partnerships that leverage resources to improve business and country competitiveness, promote an enabling business environment and good governance facilitated	24
C3. Component 3: National dialogue on business enabling environment, governance, and competitiveness strengthened	25
KRA 3.1: Increased public awareness of country competitiveness and governance issues, business enabling environment reforms, international experiences, and best practices.....	25
D. BPI Activities by the Numbers	27
E. Next Steps for the Coming Quarter	27
SECTION II: PROJECT MANAGEMENT AND ADMINISTRATION	31
A. Significant project management and administration activities	31
B. Personnel.....	31
B1. Long-term expatriate personnel	31
B2. Long-term local personnel	31
B3. Deployment of short-term technical assistance	31
C. Status of subcontracts	32
D. Project and contract management actions expected for the next quarter.....	33
ANNEX A: Long-term local personnel and expatriate short-term assignments.....	37
ANNEX B: Performance indicators, baseline and targets for Annual Work Plan-2.....	41

EXECUTIVE SUMMARY

The USAID-funded Mongolia Business Plus Initiative (BPI) project supports the Government of Mongolia's (GOM) reform efforts aimed at establishing an enabling business environment conducive to diversified economic growth and the creation of better economic opportunities for the population. The BPI project is ensuring the participation of Mongolia's private sector in a structured and productive dialogue with government so that business enabling environment reforms are adequately informed by the private sector and works with Mongolian private sector to address bottlenecks to country competitiveness.

During the past quarter, Mongolia has made significant strides in its effort to improve its business enabling environment. The GOM has initiated, and in some cases completed, important reforms in six areas of the ten areas measured by the World Bank Doing Business Report in the areas of dealing with construction permitting, starting a business, getting electricity, and paying taxes. USAID's BPI project has been a close partner to the GOM in fostering these reforms since the outset of the process. The BPI project is also increasingly engaged in enhancing private sector competitiveness. This quarter the BPI supported Quality Supplier Development Center (QSDC) accelerated both its organizational development, network and service delivery.

A. Significant Accomplishments

This section of the quarterly progress report describes key activities and significant accomplishments organized by project intermediate result (PIR).

PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved:

Throughout this reporting period the GOM continued to make significant progress with technical support from USAID's BPI project to improve the country's business enabling environment. Building on the relationships established with the GOM over the past year and creating relationships with new government authorities, the BPI project focused on four reform areas and provided deep and varied support to the ministries and agencies involved in each reform. Tangible results of the government's reform efforts are already visible in several areas:

Bolstering GDT Capacity to Deliver Taxpayers Services. The BPI project has supported the General Department of Taxation (GDT) since April 2013 on improving taxpayer services by training tax inspectors to build GDT's in house capacity to deliver various trainings for new employees nationwide. International expert Jeffrey Rozwadowski conducted series of training at GDT for 159 tax inspectors including training 10 local instructors, five from Ulaanbaatar city and 5 from provinces. Local instructors gained a knowledge and ability to train new or inexperienced Taxpayer Service employees, as well as other tax administration employees who will have direct contact with taxpayers. Topics of the trainings were "Basic taxpayer service technique", "Classroom instructor training", "Dealing with public-communications training for tax employees" and "Dealing with public training-for tax administration management". Over the May-June 2013 period, trained local instructors delivered taxpayers services trainings to 612 tax inspectors in 21 provinces in addition to 2 distant districts of Ulaanbaatar. In total more than 2,000 training-days were delivered by both the BPI international trainer and the ten local trainers within GDT. This activity

represents a significant success story in bolstering the GDT capacity in the area of taxpayer services.

Completion of the Corporate Governance Toolkit. To support the spread of good corporate governance throughout Mongolia, USAID BPI developed a Corporate Governance Diagnostic and Scoring Toolkit with modules covering listed and family-owned companies, as well as firms operating in insurance and banking sectors. The Toolkit was officially presented by the USAID Representative to Mongolia Francis Donovan at the sixth annual Corporate Governance Forum hosted by the USAID-supported Corporate Governance Development Center (CGDC) on May 24, 2013. The Toolkit, available in CD and web format, allows Mongolian business leaders to self-administer and rate their corporate governance situation. Toolkit booklets with corresponding CD-ROM for Windows and Mac systems were distributed to forum participants. Through this tool, company leaders are now able to determine their strengths and weaknesses in complying with the provisions of the October 2011 Companies Law and other best practices in corporate governance; obtain a rating at the end; and receive tailored actionable recommendations for improving governance based on their scores. The corporate governance Toolkit represents a BPI legacy product, culminating USAID five years support for this important areas.

Strengthening Customs Post Clearance Audits (PCA) Department at CGA. BPI brought to Mongolia a seasoned PCA expert to conduct an overall assessment of the skill-level of PCA officers as well as the current legal and regulatory framework under which the PCA department operates and provide short-term and medium-term recommendations for improvements; conduct Stage II – Customs Valuation training for all PCA staff covering method 1 under GATT's Customs Valuation Agreement; and conduct an Introduction to Customs Audit course (covering most of the duty reliefs, valuation, origin and classification). In September, the expert will build upon this assignment and will train the entire PCA staff at the CGA in specialized areas including: (i) advanced Stage III – Customs Valuation training covering methods 2 through 6 under GATT's Customs Valuation Agreement; (ii)(i) introduction to Fraud, Transfer Pricing, Tax Avoidance, and Tax Planning Training; and (iii) Basic Interview Techniques for Audits.

Section I provides detail on the above mentioned areas and other reform achievements during the reporting period.

PIR 2: Private sector capacity and competitiveness strengthened:

This reporting period also marks a significant milestone in the project's work to increase the competitiveness of the private sector. Building on the results of the BPI project's successful pilot quality assurance training program, the project gathered private sector commitment from four companies to found the QSDC. The independent QSDC is already showing promising results in increasing the competitiveness of Mongolian companies, enabling firms to overcome barriers to increasing sales and meeting the growing buyer demand within the country. This quarter, the QSDC began providing quality management trainings to private sector participants, and supporting specific, sustainable buyer-led transactions between buyers and Mongolian suppliers. In the coming quarter, the QSDC will further expand their services offerings under both components.

QSDC Early Success in Building Partnerships to Leverage Private Sector Commitment. As part of its buyer-led approach the QSDC initiated discussions with OT, Boroo Gold, SGS, Anglo

American, MAK and other buyer companies that service the mining industry to firm up the commitment of buyer companies to increase the local content of their procurement processes. In addition, it is expected that during the next quarter QSDC will secure significant in-kind contribution commitment from the following private sector and donors' program partners:

1. Wagner Asia – securing the use of two Wagner Asia Black Belt trainers to support QSDC delivery of Green Belt trainings on a quarterly basis.
2. CIS International Catering Company – securing the use of CIS subject matter experts in the south Gobi region and the use by QSDC client firms of available space in CIS trucks returning from the south Gobi region.
3. Germany Agency of International Cooperation (GIZ) funded Cooperative Vocational Training in the Mineral Resource Sector Program – securing the use of available German subject matter experts for the benefit of QSDC client firms.

QSDC Delivered Second Series of Quality Assurance Trainings. Over the reporting period, QSDC delivered its second training series, which included training on: (i) food safety and hygiene and HACCP for catering companies, food producers and other stakeholders, and (ii) six sigma quality management training for SMEs and large companies that see quality management as a critical factor for their continued growth. In total 31 participants attended the trainings. The HACCP module is aligned with the Chartered Institute for Environment and Health, an international body based in London, UK, and one of the most reputable training and certification institutions worldwide. Upon completion of the training the participants took the tests for Food Safety Level II and HACCP Level II international accreditation. The participants gained important knowledge about food safety, hygiene, the 4 C's (cooking, cleaning, cross contamination, and chilling), basic principles of HACCP, and learned how to build a HACCP plan and identify critical control points within their own companies. In the case of Six Sigma quality management, QSDC leverage the participation of two Mongolian Black Belt trainers from Wagner Asia who provided the training at no cost to the QSDC. In addition, QSDC in collaboration with Wagner Asia Equipment LLC delivered the Six Sigma green belt training for the first time in Mongolia, attended by 12 participants from eight companies. Six Sigma is an approach that seeks to improve the quality of process outputs by identifying and removing the causes of defect (errors) and minimizing variability in manufacturing and/or business processes.

PIR 3: National dialogue on business enabling environment, governance, and competitiveness strengthened:

The BPI project's strategic communications team continued to reach out to the public, helping to educate the population about the government's reform plans and Mongolian competitiveness issues, as well as engaging the private sector in the project's competitiveness efforts through a series of events attended by more than 2518 participants. Notably, in May, the BPI project hosted an event with the Press Institute of Mongolia and the Economic Journalists Club to discuss the benefits of increasing e-payment for businesses and individuals as well as the importance of improving Mongolia's World Bank Doing Business "Paying taxes" ranking. While the Mongolian tax authority has been successful in introducing e-filing and digital signature since June 2012 enabling taxpayers to file corporate income tax, VAT, and employee withholding electronically, e-payment continues to lag. Economic journalists discussed issues related to e-payment including online safety, the time-and-cost savings of paying electronically, and the

implications to Mongolia's Doing Business ranking. According to the World Bank methodology only countries with a minimum of 50% in both e-filing and e-payment are considered to have an electronic tax system. In Mongolia e-filing is above 50% already, however e-payment is only at 35%. Therefore, Mongolia must increase its percentage on e-payment to at least 50% in order to improve its Doing Business ranking. Following this event, EJC members covered this event in thirteen different TV reports and newspaper and online articles.

B. Salient Programmatic Trends and Ongoing Performance Constraints

Per Section F.8 of the BPI project contract, this section discusses salient programmatic trends observed from major activities in process or recently completed. It also highlights unresolved or ongoing administrative constraints to the contractor's optimal performance.

Salient Programmatic Trends:

- *Continuing close collaboration with GOM.* The BPI project has continued to work closely with the Cabinet Secretary, the government's reform working group and the five agency-level working groups for the doing business reform areas supported by the project. Currently the BPI project is working closely with the Cabinet Secretariat, the Ministry of Construction and Urban Development (MCUD), the General Authority for State Registration (GASR), the General Department of Taxation (GDT), the Customs General Authority (CGA), the Ulaanbaatar Municipality, and the ERC. Over the next quarter, BPI will establish conversation with the Ministry of Economic Development to examine opportunities to foster export development through the QSDC and other project activities.
- *Donor coordination:* During the reporting period BPI project has been actively collaborating with other donors to support both business enabling environment reform and private sector development. In May 2013, BPI worked closely with the European Bank for Reconstruction and Development (EBRD) to develop training-of-trainers (TOT) course using the BPI Proposal Development Toolkit as basis, slated to launch in September of 2013. At the end of the reporting period, the BPI project in conjunction with USAID sustained several coordination meetings and teleconferences with the World Bank/International Financial Corporation (IFC), including both the local IFC team as well as the Washington based IFC team in-charge of the Doing Business report. These coordination efforts aimed at ensuring that the Doing Business team appropriately captures Mongolian achievements in the five business enabling environment reform areas supported by the BPI project. Finally, under its private sector component, BPI met with GIZ funded projects to leverage the utilization of German subject matter experts present in Mongolian for the benefit of QSDC client firms.
- The private sector is also increasingly interested in meaningful collaborations with the BPI project. In order to leverage resources, the QSDC is focused on forging meaningful partnerships with leading private sector firms, other donor projects, and government agencies. This quarter, to expand its quality assurance training program QSDC has formed a partnership with Wagner Asia through which Wagner Asia provides two Six Sigma quality management Mongolian Black Belt trainers to conduct quarterly Green Belt trainings through the QSDC. Also this quarter, the BPI project accelerated supplier development work through a series of productive meetings with

possible private sector clients and potential supply chain buyers. In the coming quarter the project intends to continue building private sector linkages.

Ongoing Performance Constraints:

- In the past quarter, the BPI project was active in building relationships with both new agency heads and top-level officers. During the reporting period, the GOM has made changes in management in three of the five supported areas. Accordingly, BPI has successfully re-established its collaboration with new authorities at Customs, the Tax Department, General Authority of State Registration (GASR) and the Revenue Division of the Ministry of Finance. BPI recognizes that earning trust and buy-in with these new counterpart authorities is a key element for ensuring the success of reforms to streamline procedures and efforts were made to brief new authorities on the status of the reforms and communicate the significance of continuing reform implementation. Nevertheless, it will be important for the project to continue cultivating a trusting relationship with these new actors to avoid any setbacks. In particular, BPI must work closely with the CGA to preserve and further risk management and trade facilitation reforms made thus far. Assistance included in BPI Year 3 work plan will take into account these changes and the best way to protect progress today while fostering additional reforms in these areas.
- During this reporting period the recruitment and placement of qualified local staff members continued to be challenging due to the highly competitive market for qualified professionals in Mongolia and lengthy approval periods. However, this past quarter the project conducted a competitive recruit for a long-term expatriate professional to join the project in support of PIR 3. In addition, BPI is assisting QSDC in the recruitment of a local Executive Director to lead the QSDC and transition leadership independent of BPI.
- This quarter has seen delays in establishing a revolving Technical Assistance Fund (TAF) for the QSDC via BPI grant funds programmed for assistance to QSDC clients. The objective of the TAF is to allow the QSDC to recycle the funds to finance negotiated supplier development plans with local SMEs in order to address the specific gaps limiting the SMEs ability to fulfill a buyer's demand. Originally, BPI proposed a Good Faith Clause in the potential grantee SDP's requiring grant repayment once the grantee achieved results in increased sales of at least 5 times the value of the technical assistance. Then based on discussions with USAID, it was decided that BPI grants to QSDC clients include a repayment clause that is mandatory and legally enforceable in order for the QSDC to recoup the full amount of the investment in addition to service fees. BPI has experienced delays and challenges in finding an appropriate mechanism to legally enforce the repayment of the grant funds to a third party (QSDC). After two months of discussions, BPI and USAID agreed that the best way to move forward is to provide a grant of the total funds to QSDC to manage and support clients through a Technical Assistance Fund (TAF). BPI is currently in the process of seeking approval for this grant request and anticipates accelerating QSDC transactions pending USAID approval. One additional advantage of the TAF is that it might become an appropriate mechanism for potential private sector partners to add additional resources in the future.

This quarterly progress report is organized as follows: Section I details work plan implementation for the quarter, organized by PIR; Section II describes project

management and administration activities, current personnel, deployment of short-term expatriate technical assistance, as well as project and contract management actions for the next quarter; Annex A describes current long-term project staff and details of short-term expatriate technical assignments; finally Annex B includes reporting of results for the quarter against the BPI project's draft performance monitoring plan.

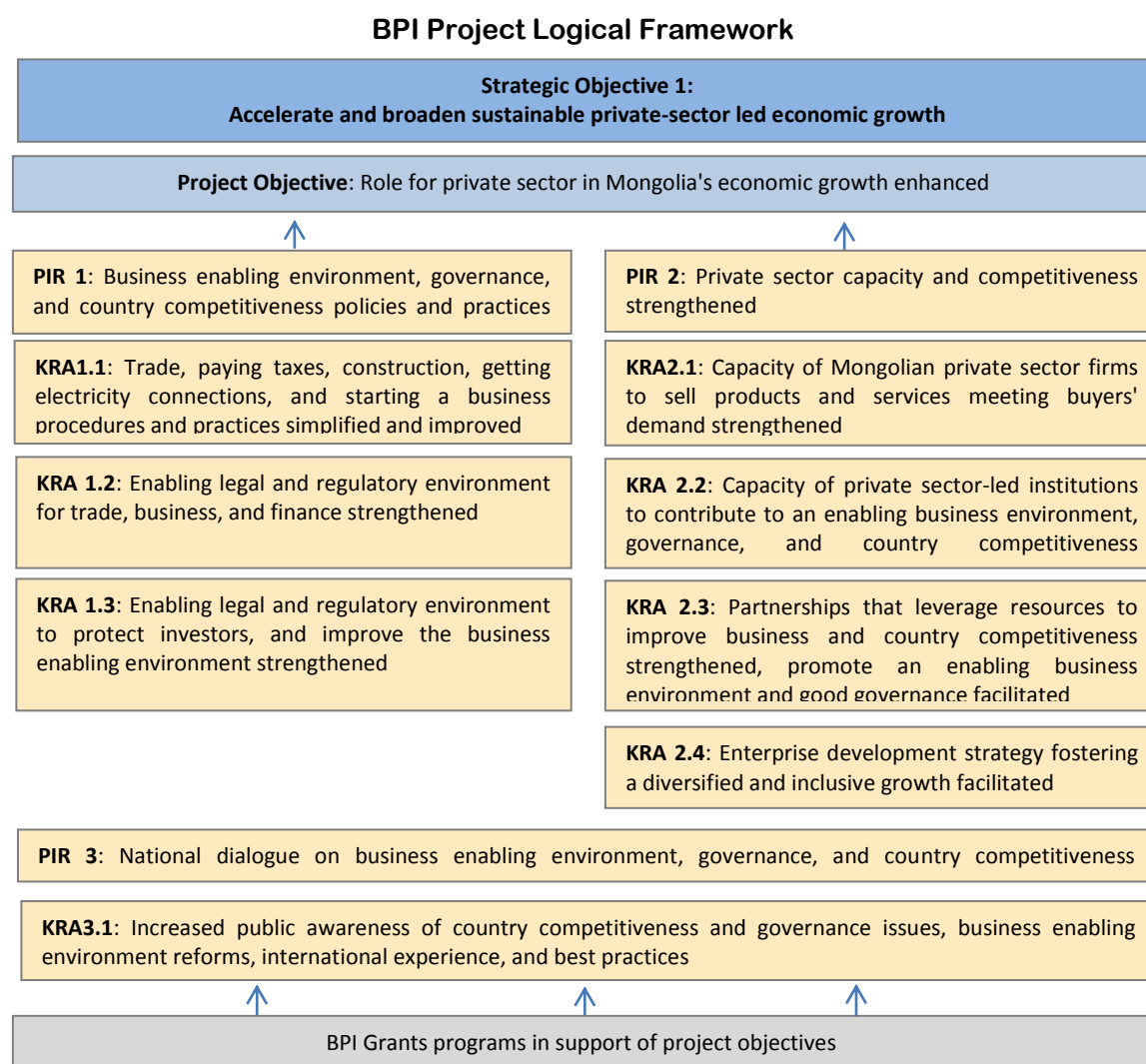
SECTION I: WORK PLAN IMPLEMENTATION

A. Introduction

This Section details the status of project implementation as of the end of the quarter. Below in Part B, we present the framework of the work plan for the three project components included in the submitted Year Three Annual Work Plan: business enabling environment, governance, and country competitiveness policies and practices improved; private sector capacity and competitiveness strengthened; and national dialogue on business enabling environment, governance, and competitiveness strengthened. Part C of this section contains detailed implementation status by project component. PIR 1 and 2 activities are described in the text, with selected PIR 3 cross-cutting national dialogue activities highlighted in text boxes in each section.

B. Work Plan Framework

This quarterly progress report is organized around the three PIRs with corresponding Key Result Areas (KRAs) proposed in the Year 3 Annual Work Plan:



PIR: Project Intermediate Result
KRA: Key Result Area

Rev: 22-May-13

C. Work plan implementation

CI. PIR I: Business enabling environment, governance, and country competitiveness policies and practices improved

The current reporting period represents the second quarter of implementation for several reforms adopted by the GOM in the areas of trading across borders, paying taxes, dealing with construction permits and getting electricity. BPI has continued working with respective counterparts on implementation of these. In April, the BPI project submitted an update to the World Bank *Doing Business* team on the status of the reforms. Over the reporting period USAID BPI officially launched Corporate Governance Diagnostic Toolkit at the annual sixth forum of the Corporate Governance Development Center. In addition, at the end of the reporting period, the BPI project, through its subcontractor – Alfa XP Web solutions – completed the beta version of GASR's online company registration system.

KRA I.1: Trade, paying taxes, getting new electricity connections, construction, and company registration procedures simplified:

During the reporting period the BPI projected facilitated dialogue with the World Bank's Doing Business (DB) teams and stakeholders on Mongolia's reform progress.

Independent Panel on the World Bank's *Doing Business* Report: At the request of the World Bank's Independent Panel, tasked to conduct a review of the *Doing Business Report*, the BPI project provided feedback on a wide range of areas including the purpose and contribution of the Doing Business report, the DB methodology, and the impact and influence of the report on decision-making. The project highlighted the importance of the report as a catalyst to business enabling reforms at the national level. Additionally, BPI recommended potential areas improvement related to the research methodology and the selection process of local private sector contributors.

Progress report for the World Bank Doing Business team: As part of the technical assistance to the Government Reform Working Group, headed by Ch. Saikhanbileg, the Cabinet Secretariat Chairman and Minister, BPI prepared reform updates in the areas of Starting a Business, Dealing with Construction Permits, Getting Electricity, Paying Taxes, and Trading across Border. The Office of Cabinet Secretariat submitted the progress report, signed by Minister Ch. Saikhanbileg, on April 30, 2013 to the World Bank's *Doing Business* team. The report highlighted key reform achievements in each of the reform areas. Key reforms by area included:

- *Dealing with Construction Permits:* Government Resolution 151 approved in December 2012 provides a transitional legal framework to streamline procedures. Combined with the implementation of the new Ulaanbaatar municipal Citizen Service Center has the potential for eliminating six procedures and 72 days in the area of dealing with construction permits.
- *Getting Electricity:* An Energy Regulatory Commission order approved in December 2012 and the establishment of a new online information system at the Ulaanbaatar Electricity Distribution Network eliminated three procedures and 24 days.
- *Trading across Borders:* Amendments to the customs law approved by Parliament in January 2013 eliminated seven documents for export and eight for import, cutting document preparation time by five days for each. Customs risk management, more

efficient GASI procedures, and better inter-agency coordination have reduced time for customs clearance and technical control to one day for export and import.

- *Starting a Business:* An agreement between GASR and GDT removed tax registration as a requirement, eliminating one day and one procedure. GASR's elimination of one level of approval authority and tighter management reduced registration time by another day.
- *Paying Taxes:* GDT's introduction of e-signature system removes the need for paper reports for VAT and Corporate Income Tax, reducing the annual time for tax compliance by 56 hours.

Documenting reforms as captured in initial results of *Doing Business 2014* survey:

At the end of the reporting period, the Cabinet Secretariat received communications from the *Doing Business* team informing that only one area – Starting a Business – was recognized in the *Doing Business 2014* survey. At the request of the GOM, BPI and USAID responded swiftly to provide additional information on additional BEE reforms in the areas of Trading Across Borders, Paying Taxes, Dealing with Construction Permits and Getting Electricity. The results of this effort will be included next quarter.

Dealing with Construction Permits: The BPI project works at two levels to foster improvements in the area of dealing with construction permits, namely working with the Ministry of Construction and Urban Development (MCUD) and the Ulaanbaatar Municipality (UBM).

Construction law delivered to the Ministry Construction. BPI finalized the draft law on construction along with the introduction and concept paper and submitted the package to the MCUD on May 13, 2013.

As reported in the previous QPR, BPI submitted the MCUD the first draft of the construction law on March 2, 2013, which incorporated technical inputs from a construction legal expert from Georgia and a local legal team, hired under a subcontract with BPI. At the request from the MCUD, including the Minister and State Secretary, BPI continued its technical assistance to incorporate comments from construction experts inside and outside MCUD and sectoral representatives. The BPI and MCUD had two roundtables with sectoral representatives to receive feedback on new concepts, such as risk based classifications, and reformative actions the draft law is proposing. In addition, the joint drafting team of BPI and MCUD held rounds of individual meetings with structural and civil engineers, electricity and heating specialists for their inputs on technical terms and concepts. These working meetings were required to clarify technical terms and concepts in civil and structural engineering and highly technical issues.

The above interactions with sectoral representatives revealed their concern to open the construction market by abolishing licenses and introducing new risk-based classifications for buildings and constructions project. Their resistance to changes, however, eroded as the legal drafting team continued the consultation process and information sharing on the positive impact the new construction law would bring to the construction sector. BPI was pleased with dedication and efforts by stakeholders and one of the most active participants noted that the entire industry finally understands the importance of changes in the construction legal framework and private sector voice in shaping legislation.

On May 13, the final draft of the construction law was submitted to the MCUD. Due to the presidential election and suspended Parliament session, the MCUD has delayed the

submission of the package to the Ministry of Justice for approval. BPI will continue follow-up with the MCUD in the next quarter.

Transforming Ulaanbaatar's Citizen Service Center into One-Stop-Shop.

In May, with technical assistance from USAID BPI, the UBM finalized a draft procedure to regulate the operations of its Citizen Service Center, opened in December 2012. The proposed procedure, pending approval at the Citizen Representatives Meeting, will introduce a number of customer friendly concepts and principles in delivering municipal services through the Citizen Service Center. As of today, the Citizen Service Center handles a wide variety of services including permitting, complaints, and comments through personal visits to the Center, hotlines, and web site. Weekly traffic is over 1,000 customers as of June 16, 2013.



When passed, the procedure will introduce the following concepts:

- *Only one point of contact for customers:* UBM OSS will lessen the burden on customers by coordinating with stakeholders on behalf of customers to process necessary approvals and permits. This will eliminate the current practice where customers personally visit each agency for paperwork and approval. In addition, agencies are seeking ways to improve inter-agency communications and coordination to process necessary approvals more efficiently between agencies, eliminate duplicative responsibilities, and improve the availability of information for customers.
- *Do not ask from citizens what you already know:* The OSS and municipal agencies involved in service delivery will no longer need to ask for customers' information that is already available in municipal records. Instead, agencies will provide data-exchange on a timely basis, reducing additional requirements for customers including photocopies and notarized documents. For the time being data exchange can be done via email when feasible and paper or through inter-agency couriers if original documents are required until electronic systems are fully implemented.
- *Silence is consent:* Services that require multiple stages and layers will have internal deadlines to provide approvals and decisions. Internal procedures and deadlines will be available to customers and if a deadline is missed, the customer can proceed to the next stage assuming that an approval is provided in order to speed up the process for required approvals and increase the accountability of officers involved.
- *Uniform service standards:* UBM will have a uniform package of services and service standards for all one-stop-shops throughout Ulaanbaatar to ensure consistent services and branding of OSS throughout the municipality.

On May 23, the UBM management team, including the Mayor and his deputies as well as heads of municipal agencies discussed the first draft of the procedure. Significant recommendations from the participants were to 1) provide more authority to the OSS and its personnel to facilitate approvals/decisions by coordinating with other municipal and government agencies and 2) improve accountability of service officers of OSS and participating agencies when they miss deadlines to respond to applicants and citizens for their requests and applications. The final draft of the procedures with approval from the management team will be submitted to the Citizen Representatives Meeting the next quarter.

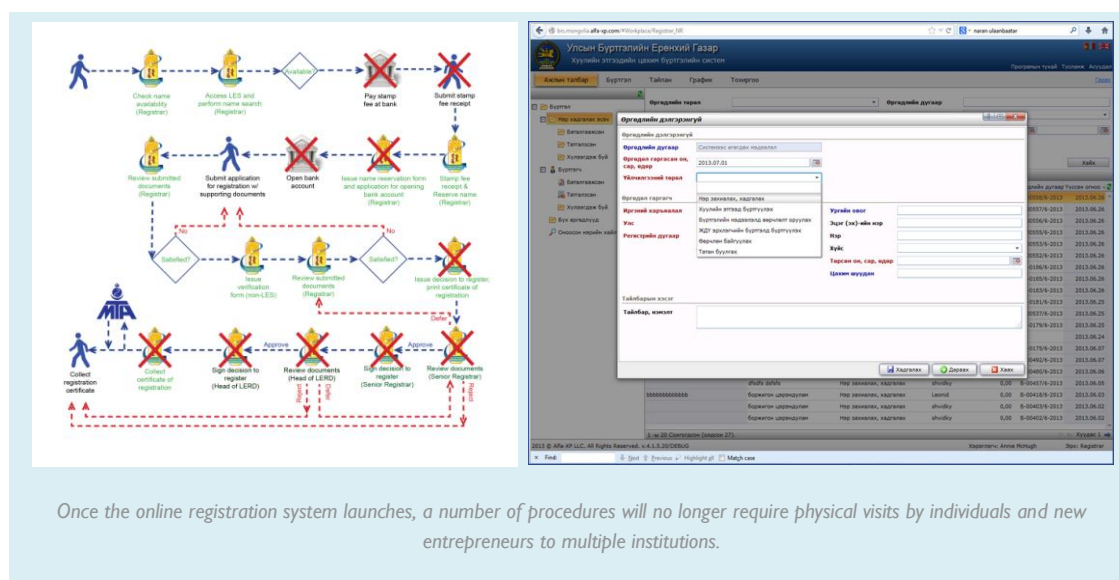
Starting a Business: Over the reporting period, BPI and the GASR reached an important milestone through the completion of the beta version of Online Company Registration System (OCRS) and finalized a legal package that mirrors the features of the OCRS.

BPI fielded subcontractor – Alfa XP Web Software – at the end of the previous quarter and introduced international best practices on online company registration to GASR and registration stakeholders. Following the introductory workshop, BPI and Alfa XP team of two business analysts held a series of brainstorming sessions with GASR management to introduce international best practices on streamlined registration process, reduced number of days and documents required for registration, and effective application of online system. On April 6, 2013, the team obtained approval for a streamlined registration process from the GASR management with the following highlights:

1. Online application and submission for new and post-registration services with a single visit to GASR office for identification purposes and submit original documents if required (when electronic signature is in place, physical visit will no longer required);
2. Online payment of registration fees, facilitated by data exchange between GASR and commercial banks;
3. Electronic certificate that will eliminate the current procedure of printing certificates on securities paper;
4. Single layer of internal approval for registration, which will be close to international best performers in legal entity registration;

After remotely developing OCRS in coordination with BPI and GASR, a team of four Alfa XP members, including two software developers and two business analysts, came back to Mongolia in late May to complete and introduce the beta version to GASR. IT training was offered to GASR IT personnel on basic IT coding and maintenance for the new system in late May. On the user's side, the business analysts demonstrated new OCRS to seventeen state registrars via multiple training sessions to capture their feedback on the overall system, its functionality and user-friendliness and other features. Based on the feedback, the team of BPI and Alfa XP improved the system and had the final briefing of the beta version to GASR management on June 7. BPI will continue improving the system in the next quarter for official handover to GASR in August/September.

After BPI and Alfa XP team agreed on key features of the system with GASR, BPI, through its local subcontractor – Economic and Legal Consultancy LLC (ELC) – provided legal assistance to GASR to draft five internal procedures on new and post-registration and amendments to the law on legal entity registration, accompanied by the introduction and concept papers, and amendments to 34 laws relevant to legal entities. Throughout the five weeks of intensive legal assistance, BPI ensured that the proposed legal package was consistent with above concepts and processes of OCRS. GASR officially submitted the legal package to the Ministry of Justice (MOJ) and set up a joint working group with MOJ. BPI continued to support GASR in responding to the MOJ inquiries and comments to the legal package, including international best practices, benefits of online system to businesses, as well as GASR and other topics. At the end of the quarter, the MOJ sent out the legal package to respective ministries and agencies for their comments. BPI will continue supporting GASR in the next quarter until the package is submitted to the Cabinet Secretariat for Cabinet approval to be further sent to Parliament.



Capacity building for GDT to conduct customer service training:

The General Department of Taxation (GDT) requested USAID assistance to build in-house training capacity on taxpayer services. Under the new leadership of Commissioner T. Batmagnai, GDT pressed the importance USAID continuous support, which began under the predecessor project. Better taxpayer services result in taxpayers who are better informed and educated about their rights and obligations, fewer errors on tax returns, improved compliance and more effective ways to deal with conflict resolution.

BPI fielded a short-term international consultant Jeffrey Rozwadowski to conduct a series of trainings for taxpayer service officers and offer guidance on how to improve taxpayer services within the GDT. During the period of April 1 through April 19, Mr. Rozwadowski trained 159 tax officers in a series of taxpayer services related training courses that involved more than 275 person-days of training.

The BPI consultant developed a taxpayer-service training curriculum and training plan for GDT as a basis to train new tax officers and implemented a Training-of-Trainers (TOT) Basic Taxpayer Service Techniques course in order to build in-house capacity at the GDT.

To ensure that the skills and knowledge were transmitted in an effective manner to the Taxpayer Service Department and the entire GDT, BPI's approach provided an opportunity for the consultant to convey proper taxpayer service techniques to key tax officers working in the GDT Taxpayer Services Department. Further, it provided the opportunity for the 10 officers who participated in the TOT course to transfer acquired skills to other colleagues, under a supervised setting, while allowing the consultant the opportunity to evaluate the new trainers and smooth out any rough edges. Both the BPI consultant and the newly trained local instructors received excellent course evaluations, thus the GDT plans to use these newly trained local tax inspectors to expand taxpayer services training across all of the regions in the country.

Through the basic taxpayer services trainings, participating tax inspectors learned a variety of communication techniques through role play and other hands-on techniques. Participating tax inspectors also gained a firsthand knowledge of the importance of providing high quality taxpayer services, focusing on results, and respecting taxpayer rights and confidentiality in order to increase service efficiency and promote voluntary compliance. In addition to the basic taxpayer services trainings, Mr. Rozwadowski delivered a training on *Dealing with the Public* for 21 tax officers as well as a training on *Service-Based Communications for Tax Administration Management*, delivered to 38 tax supervisors and managers.

During the taxpayer services assignment, the BPI consultant carried out an assessment of current taxpayer services practices at the GDT which included a detailed revision of the current standards, procedures, regulatory environment within the Taxpayer Service department, field visits to several tax one-stop-shops, and meeting notes with GDT management. Mr. Rozwadowski provided specific recommendations to improve taxpayer services in area such as: (i) taxpayer services position description and employee evaluation; (ii) taxpayer feedback office operations and procedures, (iii) training courses, and (iv) taxpayer services education program and shared them with the tax Commissioner for ongoing improvement at the GDT.

After the culmination of the assignment for the international consultant, BPI continued its support for GDT in "testing" its in-house training capacity to transmit the skills and knowledge to other GDT staff nationwide. Over a month, from May 22-June 22, the GDT instructors, trained by BPI consultant in April, delivered two-day trainings on "Basic taxpayer service techniques" in 21 provinces and two distant districts of Ulaanbaatar. The trainings were delivered to 612 tax inspectors from the provinces and surrounding soums. After two months of BPI's intensive support, the GDT has the tools and the human capacity to independently lead taxpayer service trainings through the trained instructors in the future. In total, close to



April 2013-Throughout the series of training sessions, BPI organized a training by instructor Jeffrey Rozwadowski for over 150 tax officers, as well as GDT trainers who will continue to provide the training in the future.

771 tax officers participated in taxpayer services related training courses that involved more than 2,000 person-days of training.

KRA 1.2: Enabling legal and regulatory environment for trade, business, and finance strengthened

In addition to the working group level reforms, this quarterly reporting period the BPI project continued providing on-going technical assistance on trade facilitation as follows:.

Improving Mongolian Customs' Post Clearance Control Capacity

In response to a request for technical assistance, BPI has been working closely with the Customs General Authority (CGA) to support the Post Clearance Audit (PCA) department in providing a comprehensive training package for customs officers to improve its capacity to conduct post clearance audit and compliance. PCA serves an important role in upgrading the customs risk management system by continually providing information on audit results to be reflected in risk selectivity criteria. The customs risk management and post clearance audit are essential tools used for trade facilitation, and critical to improving Mongolia's "Trading Across Borders" indicator in the World Bank's Doing Business report.

From May 24 to June 15, USAID BPI delivered two nine-day training courses for 20 customs officers from the PCA department: a six-day valuation course on GATT CVA Method 1 and a four-day course on Customs Post Clearance Audit (three days) and Post Clearance Compliance (one day) techniques for a total of 174 person/days training. By having a cadre of skilled PCA staff, the CGA will have the internal capacity necessary to allow the organization to deal with complex issues such as customs valuation, audit, post clearance control, among others. As the CGA adopts international best practices in their PCA practice, the agency can use the audit results to facilitate low-risk cargo to be cleared through the green and yellow channels and focus agency efforts on high-risk cargo through the red channel. BPI will conduct advanced training for the PCA in September covering customs valuation on GATT CVA Methods 2 through 6 and training on various specialized areas such as fraud, transfer pricing, tax avoidance and tax planning, among others.



May/June 2013- BPI Consultant delivered two nine-day training courses for 20 customs officers.

KRA 1.3: Enabling legal and regulatory environment to protect investors, enforce contracts, and resolve insolvencies strengthened

Over the last several years, USAID has continued to support the development of a strong culture of corporate governance in Mongolia both through BPI and the predecessor project EPRC. Corporate governance is important as around the world, investors are increasingly evaluating corporate governance when making investment decisions. Good corporate governance also helps companies gain increased access to capital and credit markets. In fact, corporate governance ratings are now an important element in calculating credit ratings.

Corporate Governance Diagnostic Toolkit:

Over the reporting period, the BPI project culminated its assistance in this important area by developing a legacy corporate governance product. Accordingly, BPI in collaboration of the Corporate Governance Development Center (CGDC) and using the services of local software developer Infinite Solutions LLC, developed a user friendly, corporate governance diagnostic and rating Toolkit in CD and web format. The Toolkit was officially presented at the sixth annual Corporate Governance Forum hosted by the CGDC on May 24, 2013 in Ulaanbaatar.



The new tool includes individual modules for listed and family-owned companies, as well as firms operating in insurance and banking sectors. Each module consists of 100 rating questions. For each question, the toolkit includes an explanation on how the particular question/issue relate to the Mongolian legal and regulatory framework and/or recognized best international practices on corporate governance. In addition, for each question, the Toolkit includes actionable recommendations that local Mongolian firms can follow to improve their CG situation for that particular issue.

This new Toolkit represents a significant advance in equipping local Mongolian firms with practical tools to improve their corporate governance status. CGDC will host the Toolkit in its website as well as continue the distribution of the CD-ROM version suitable for both Windows and Mac operating systems. The Toolkit also provides CGDC with a powerful tool to further their mission and objectives.

C2. PIR 2: Private sector capacity and competitiveness strengthened

The current reporting period has been critical for advancing the mission and objectives of the BPI private sector component, aimed at strengthening Mongolian private sector capacity and competitiveness. The BPI-supported QSDC has made inroads in securing buyers' commitment to work with QSDC to develop their local suppliers. In addition, QSDC has identified potential private sector and donor project partners willing to provide in-kind support to further QSDC's mission and objectives. Finally, during the reporting period, the QSDC delivered its second training series on food safety and HACCP and Green Belt Six Sigma Quality Management training.

KRA 2.1: Capacity of Mongolian private sector firms to sell products and services meeting buyers' demand strengthened

Capitalizing on the new food safety law, QSDC organized its second hazard analysis and critical control point (HACCP) training, which was attended by 19 participants.

To date, QSDC has trained 289 Mongolians representing more than 49 small, medium, and large firms in quality assurance-related areas, including 106 in food safety and hygiene techniques and 142 in HAACP.

QSDC trainings to date have covered:

(1) government-required certificates such as food safety; (2) multinationals and

export markets requirements such as environment and health and safety; and (3) quality management and productivity improvement programs. While these remain an ongoing training business, QSDC has also developed a program that appeals to the Mongolian corporate sector, specifically those interested in upgrading their capabilities to become globally competitive. This quarter, BPI supported QSDC to organize the first public Six Sigma Greenbelt Training in Mongolia in partnership with Wagner Asia. Six Sigma is a set of tools and strategies for process improvement used by Fortune 500 companies. The tool

QSDC CLIENT TESTIMONIAL:

CIS: A catering firm operating in Mongolia and supplying OT and other major firms has been actively participating in Food Safety and HACCP trainings:

"CIS is very satisfied with the QSDC trainings. Most of our restaurant/catering personnel have attended these trainings. After attending these training quality of service and food quality was improved significantly. If the trainings on quality management or HACCP will be available in the future, we will be willing to send more people."



April 2013- Trainees during food safety training participate in a group discussion. After spending two days in the classroom, attendees left with a better understanding of food safety practices and principals.

has resulted in billions of dollars in cost savings and process improvements. Twelve participants representing eight companies from the mining equipment, telecommunications, and banking sector participated in the Six Sigma training. With the increasing awareness in the Mongolian corporate sector of the importance of total quality management, Six Sigma offers another tool to elevate local companies to world class companies. Further, the strategic relationship borne from collaboration with Wagner Asia as well as buyers participating in these trainings is expected to yield exponential results in QSDC's supplier development activities.

In addition, QSDC worked with Wagner Asia this quarter to hammer out an additional QSDC service that will be tested next quarter and is expected to build the capacity of buyers and

suppliers as well as deepen QSDC's client network. QSDC will begin to offer Six Sigma customized training program to individual firms. In partnership with Wagner Asia, QSDC will provide these customized services to medium and large Mongolian companies that want to develop an in-house Six Sigma team. This type of customized training presents the opportunity to work with clients for extended periods, generating additional sources of ongoing revenues for QSDC beyond the life of the BPI project.

KRA 2.2: Capacity of private sector-led institutions to contribute to an enabling business environment, governance, and country competitiveness strengthened

QSDC continued to market its services to the Mongolian corporate and SME community and present its unique buyer-led approach to facilitating transactions and increasing sales.

Transaction-based assistance: QSDC met with 16 buyers to identify their needs and requirements. They provided QSDC with lists of products—from food items to shatterproof windshields—that they would prefer to source and purchase domestically. Based on these product requirements, QSDC assessed the market to identify potential suppliers. Of those, QSDC met with 50 Mongolian suppliers to assess their capacity to meet the needs of these buyers. Common gaps across suppliers include limited production capacity, low product quality due to obsolete equipment/technology or limited workers' skills, and limited access to finance. For example Geomash's limited knowledge on heating/cooling metal compromised quality consistence of its metal products and Meat Export's lack of HACCP certification was thwarted its ability to sell meat products to big mining companies operating in Mongolia.

QSDC is a new NGO that will require an expansive network of buyers and suppliers in order to be sustainable and knowledgeable enough about the market of potential suppliers. Therefore, QSDC also held meetings with suppliers of different products, who expressed interest in QSDC services. At these meetings, QSDC assessed supplier capacity and impediments to increased sales and analyzed upstream opportunities for improvement. These meetings have enabled QSDC to expand its database of potential clients and increase its market knowledge.

Clients	Products
Buyers: <ol style="list-style-type: none"> 1. Wagner Asia 2. Boroo Gold 3. CIS 4. Transwest 5. Delta Control 6. Tsaast Construction 7. South Gobi Sands 8. Bayan Airag 9. Asia Pacific Investment Strategies 10. Almandine Capital 	Buyer specification for: <ul style="list-style-type: none"> • metal fabrication • meat products • uniforms • egg farms • sausages • shatterproof windshields • electrical systems for smart building • rubber products • unwashed potatoes • metal fences
Suppliers: <ol style="list-style-type: none"> 1. CGBM 2. Maxim Explosive 3. Tumen Tumurt 4. Shinke Khuntsga 	Potential product offerings: <ul style="list-style-type: none"> • welded products • gravel • recycled rubber

5. Khanpivon 6. Mongol Noos 7. Xanadu R 8. Global Gazar 9. Gil Engineering 10. Mon Ilch 11. Inachis 12. Mon Irish 13. Guilin Tal	<ul style="list-style-type: none"> • recycled plastic • pet food • mushrooms • recycled glass • phone towers • seabuckthorn juice • vegetables • biodiesel from recycled waste oil • frozen dumpling • wire mesh for construction
--	---

Supplier Development:

QSDC ability to finalized supplier development plans (SDPs) for companies identified as potential suppliers to identified buyers was limited due to the fact that BPI and USAID were not able to finalize the establishment of the Technical Assistance Fund (TAF) within the QSDC. Nonetheless, after a thorough analysis of their respective businesses, QSDC prepared SDPs for two companies this quarter.

Greenhouse Vegetables: QSDC met with vegetable buyers MTS, and Yunt-Bumbugur as well as another small shop in Ulaanbaatar in May to assess their demand for fresh vegetables. These buyers confirmed their demand for locally produced vegetable in order to substitute vegetable imports from China and allow them to provide fresher produce lower prices. QSDC identified a supplier that has the potential to supply buyers with fresh greenhouse production of cucumbers, sweet peppers, spinach, lettuce, onions, carrots and tomatoes. The supplier has three greenhouses near Ulaanbaatar however, one of its

Microenterprises Participating in June 2013 SME Trade Fair

Company Name	Product	Sales at Trade Fair
Altan Aalz	Work gloves	86,000.00₮
Bayanbogd Cashmere	Cashmere	405,000.00₮
Bolor Goyol	Crystal accessories	430,000.00₮
Erma	Juice, jam, salad, pickled vegetable	1,070,000.00₮
KhaaniTolgoi Cooperative	Buriad boots	83,000.00₮
KMBC LLC	Eco friendly kitchen towels, bedsheets	775,000.00₮
Uyangoo	Felt products	141,000.00₮
Uyan workshop	Wool socks and gloves	190,000.00₮
Sondor Suljmel	Knitted products	25,000.00₮
Gobi Tsagaan Alt Group	Felt products	198,000.00₮
Ganchimeg/ individual	Traditional deel	195,000.00₮
Tsagaan Suvraga Group	Felt and fur products	331,000.00₮

greenhouses was damaged during the previous winter and the top soil in another one has deteriorated over time, leading to a significant reduction in vegetable production. The above mentioned buyers provided three purchase order intents to buy the locally produced vegetables. After the first assistance QSDC will continue to work with the supplier to explore additional opportunities to respond to increased demands from the identified as well as new buyers. QSDC assistance will facilitate the repair of the damaged greenhouse and provide topsoil replacement. Increased sales from the identified intervention are estimated at 25 million MNT for the first year, a 6:1 return on investment.

Wire Mesh Construction Company: The construction sector continues to grow and subsequently the demand for wire mesh has also expanded. Bitube LLC, a women-owned company, like most SMEs in Mongolia, needs financing for raw materials as well as new equipment to increase production and efficiency to meet market demand. QSDC met with one of the largest construction firms in Mongolia, Tsast Construction who confirmed satisfaction with the quality and services received from Bitube LLC and their willingness to increase demand, if Bitube is able to increase production capacity. In this case, QSDC support will allow for the purchase of semi-automated welding equipment and additional working capital necessary to expand Bitube's business and sales. The firm secured commitments from four other buyers in addition to Tsast. Through an intervention that addresses critical constraints, the QSDC estimates that it can assist this firm in increasing productivity by eight fold within the next six months. Increased sales as a direct result of the QSDC intervention are estimated at 440 million MNT over the next 18 months.

In both cases, QSDC has started to provide comprehensive business advisory services addressing production and operations, inventory and cash management, and sales strategies. QSDC's proposed financial assistance represented only one component of the total support package and each financial award was matched by a client contribution that exceeded the QSDC portion of the total investment cost. QSDC has confirmed that client firms are willing to provide repayment to the QSDC technical assistance fund (TAF) from realized increased sales.

Connecting Buyers to Sellers

Wagner Asia, the local distributor of Caterpillar heavy equipment, feeds over 400 employees per day, representing an opportunity for local SMEs that provide food products. QSDC organized a food tasting event for potential QSDC food and beverage suppliers to present their products and services to Wagner Asia. Eight QSDC clients that provide fresh and canned vegetables, milk, meat, frozen dumpling, and smoked foods attended the event and realized increased sales by almost five million MNT.

From June 7-11, QSDC supported 12 suppliers at the annual SME Trade Fair in Ulaanbaatar to promote products and services from small and medium sized enterprises through advisory services on sales planning and marketing before and after the trade fair. Sales transactions from consumer products including cashmere, work gloves, juice, footwear, and garments totaled 3.9 Million MNT in sales.

Improving Standards to Generate Sales

With QSDC financial assistance, a local meat company completed the HACCP preparation process, a food safety standard mandated by the Government of Mongolia as well as major corporate buyers like mining companies. The meat company reported securing three new buyers as a direct result of the implementation of the HACCP preparation process. As of June 2013, the company has already experienced an increase in sales of 185 million MNT directly attributable to the QSDC intervention, a return on investment of 1:25. Other

smaller QSDC supplier clients who participated in food safety trainings increased sales by approximately 5 million MNT during the reporting period.

Mining and construction sectors as economic drivers in Mongolia are prime opportunities for SME inclusion and increased sales. In early June, QSDC brought a metallurgist from the US to assist a metal company in Darkhan that had ongoing problems meeting the quality standards of mining companies. Old Russian equipment and improper cooling practices led to wide variability in durability of the metal—compromising the quality of the company’s products and making it unsuitable for sale to either mining or other large buyers. The metallurgist designed and installed a new heating and cooling process for the plant and subsequent tests showed a significant increase in the consistency of the metal products’ durability. In addition, the metallurgist assisted the company with health and safety standards at the factory and provided consulting and suggestions on factory operations. After quality improvements were introduced and adopted, QSDC introduced the metal company to Wagner Asia. Wagner Asia has since given the metal company a trial order, which if quality standards are met, could lead to further orders for value added products and services, such as engine reboring, parts and gears.

KRA 2.3: Partnerships that leverage resources to improve business and country competitiveness, promote an enabling business environment and good governance facilitated

During this reporting period the project concentrated on leveraging resources to improve private sector competitiveness through private sector partnerships with the QSDC in order to leverage Corporate Social Responsibility commitments from leading private sector firms operating in Mongolia, other donor projects and government agencies and programs aimed at supporting the SME sector. As part of its buyer-led approach the Quality Supplier Development Center (QSDC) initiated discussions with OT, Boroo Gold, SGS, Anglo American, MAK and other buyer companies that service the mining industry. QSDC is working to firm up the commitment of buyer companies to increase the local content of their procurement processes. In addition, it is expected that during the next quarter QSDC will secure in-kind contribution commitment from the following private sector and donors’ program partners:

1. Wagner Asia – securing the use of two Wagner Asia Black Belt trainers to support QSDC delivery of Green Belt trainings on a quarterly basis.
2. CIS International Catering Company – securing the use of CIS subject matter experts in the south Gobi region and the use by QSDC client firms of available space in CIS trucks returning from the south Gobi region.
3. Germany Agency of International Cooperation (GIZ) funded Cooperative Vocational Training in the Mineral Resource Sector Program – securing the use of available German subject matter experts for the benefit of QSDC client firms.

For example, to expand its quality assurance training program, QSDC has forged a partnership with Wagner Asia through which Wagner provides two Six Sigma quality management Mongolian Black Belt trainers who conduct quarterly Green Belt trainings through the QSDC. QSDC also organized a food tasting event to present 8 suppliers of fresh meat, smoked pork, frozen dumpling, vegetables, juice, and bottled jam to executives at Wagner Asia. Wagner Asia provides food to hundreds of its employees, thus this event provided an opportunity for the 8 suppliers to market their respective products and beverages. QSDC plans to organize food tasting events for other large companies in the

next reporting period, to present large buyers with additional or alternative sources of suppliers.

Likewise, to support its supplier development program, QSDC is establishing partnerships with CIS an international catering firm operating in Mongolia and GIZ vocational training programs. Through these partnerships, QSDC will gain access to subject matter experts that can provide specialized technical assistance to client SMEs.

Resources Leveraged through Partnerships

- \$25,000 per year for Six Sigma trainings from Wagner Asia
- \$60,000 per year in subject experts and up to 10,000 per month in truck space for QSDC clients from CIS
- Access to subject experts from GIZ Vocational project

C3. Component 3: National dialogue on business enabling environment, governance, and competitiveness strengthened

This component is responsive to PIR 3, National dialogue on business enabling environment, governance, and competitiveness strengthened. Per the BPI logical framework, there is only one KRA under this PIR, KRA 3.1: Increased public awareness of country competitiveness and governance issues, business enabling environment reforms, international experiences, and best practices. PIR 3 and KRA 3.1 are cross-cutting, and some of the BPI activities within this component are discussed in the above sections. Additional activities are described below.

KRA 3.1: Increased public awareness of country competitiveness and governance issues, business enabling environment reforms, international experiences, and best practices

The BPI project continued to actively collaborate with subcontract partner, the Press Institute (TPI) of Mongolia and their Economic Journalists Club (EJC). During this reporting period, the BPI project held four events for EJC members: three roundtables on Mandatory Drivers' Insurance, e-payment, and bird flu and food safety and one press conference on online company registration described in detail in this section. BPI project staff member also assisted the EJC to organize seven additional events on economic topics sponsored by Oyu Tolgoi LLC, World Bank, IFC, and the Competiveness Research Center of Mongolia. The broadening of EJC sponsors is an important milestone as EJC develops into a more vibrant and important voice in Mongolia.

Economic Journalists Club: List of Economic Events April-June 2013

Topic of Discussion per Event	Date
1. Data Journalism Training	April 11, 2013
2. Oyu Tolgoi Mining Site event	April 16-17, 2013
3. Mandatory Drivers' Insurance Roundtable	April 23, 2013
4. IFC Corporate Governance Training	April 25-26, 2013
5. WEB 2013 Budget and Fiscal policy event	May 8, 2013
6. First Investment Presentation with Oyu Tolgoi	May 8, 2013
7. EJC Members Meeting	May 10, 2013
8. Bird Flu/Food Safety Roundtable	May 17, 2013
9. E-payment Roundtable	May 21, 2013
10. ECRC Local Provinces Competitiveness Forum	May 30, 2013
11. Online Company Registration Press Conference	June 12, 2013

A Cry for Implementation Consistency – Mandatory Drivers’ Liability Insurance:

In June 2012, USAID BPI supported the Financial Regulatory Commission (FRC) in improving the regulations and procedures to implement the Mandatory Drivers Insurance Law and executing a public education campaign to raise awareness of the law. By the end of the year, 326,741 drivers (80 percent of total drivers nationwide) acquired the mandatory insurance. According to the Insurance Association, 7,481 drivers received 3.4 billion MNT in compensation under these insurance policies. However, since then, the number of drivers with liability insurance has been declining drastically, with only 12 percent of the total number of drivers retaining coverage as of April 2013. To respond to this challenge, BPI and the Press Institute (TPI) organized a panel discussion to review the current implementation and enforcement of the law, bringing together representatives from the Financial Regulatory Commission, traffic police, Association of Mandatory Drivers’ Insurance, private insurance companies, and the Economic Journalists Club. During the panel discussion, it was noted that the insurance status verification process by both traffic police and inspection centers during the first quarter of 2013 was lacking. For instance, drivers were not held legally accountable for displaying expired short-term insurance stickers on their vehicles over a long period of time in lieu of renewing their insurance policies. The panel agreed on the critical need for relevant public institutions to work together on strengthening the implementation and enforcement of the law. Following this event, EJC members covered this event in eighteen different TV reports and newspaper and online articles.



The Association of Mandatory Insurance Providers share concern regarding the plunging number of drivers covered by liability insurance since the law went into effect on October 1, 2012.



May 2013- BPI and partner TPI hosted a roundtable discussion on “Bird Flu and Importers’ Food Safety” to bring health safety concerns to the media’s attention.

Bird Flu and Importers’ Food Safety Roundtable:

In May the project hosted a roundtable discussion on “Bird Flu and Importers’ Food Safety” with their partner The Press Institute and the Economic Journalists Club (EJC) to bring the important health safety concern to the media’s attention related to the H7N9 virus outbreak alarming China and its regional neighbors. Journalists and panelists from the Food and Agriculture Department, Customs General Authority and Border Control Department discussed the action items for the private sector, public sector, and importers in order to prevent the spread of H7N9. During the discussion, Barrie Evans, an internationally certified food safety consultant provided bird flu and food safety guidance including hand and respiratory hygiene tips that were captured by EJC members and distributed to wider audiences covered this event in nineteen different TV reports and newspaper and online articles.

Increasing E-payment in Mongolia: In May, the BPI project hosted an event with the Press Institute of Mongolia and the Economic Journalists Club to discuss the benefits of increasing e-payment for businesses and individuals as well as the importance of improving Mongolia's World Bank Doing Business "Paying taxes" ranking. While the Mongolian tax authority has been successful in introducing e-filing and digital signature since June 2012 enabling taxpayers to file corporate income tax, VAT, and employee withholding electronically, e-payment continues to lag. Economic journalists discussed issues related to e-payment including online safety, the time-and-cost savings of paying electronically, and the implications to Mongolia's Doing Business ranking. According to the World Bank methodology only countries with a minimum of 50% in both e-filing and e-payment are considered to have an electronic tax system. In Mongolia e-filing is above 50% already, however e-payment is only at 35%. Therefore, Mongolia must increase its percentage on e-payment to at least 50% in order to improve its Doing Business ranking. Following this event, EJC members covered this event in thirteen different TV reports and newspaper and online articles.

Getting the Word Out on GASR's new Online Company Registration System: Testing: In June, the General Authority for State Registration (GASR) with assistance from the BPI project completed the beta version for its online company registration system (OCRS). It is critical that the Mongolian public and businesses are on board with this new system and legal environment reforms as it vastly decreases the time and costs associated with registering a business for both those registering a business as well as the government and improves transparency. To promote awareness and provide updates on GASR's initiatives, BPI and The Press Institute hosted a press conference with wide media and newsprint coverage, spurring lively discussion ranging from online security concerns to the cost and time benefits associated with the modern system. The panelists included First Deputy Director T. Battulga, Sh. Jolbars, Head, Department of Legal Registration Entity from GASR and private sector representatives from the Economic and Legal Consultancy LLC. Following this event, EJC members covered this event in nineteen different TV reports and newspaper and online articles.

D. BPI Activities by the Numbers

This reporting period, the BPI project submitted Year 3 Annual Work Plan and will report against the revised targets beginning next quarter. Annex B to this quarterly performance report includes the submitted indicators and targets presented in the revised performance monitoring plan, and reports against targets for this quarter.

E. Next Steps for the Coming Quarter

Major activities or key actions projected for the next quarters, by project component, are detailed below.

PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved

The upcoming quarter represents the first quarter for BPI Annual Work Plan Year 3. Given the natural slow down of project activity during the summer period of July and August, BPI will focus on laying down the foundation for a rapid implementation during the October-December 2013 with the achievement of results in several of the business enabling environment reform areas supported by the project. In addition, during the next quarter we expect to accelerate implementation under the supplier development program

of the QSDC. Below are anticipated and/or potential tasks for the coming quarter which will focus primarily on four tasks: (1) consolidating QSDC organizational and institutional capacity; (2) completing supplier development plans for local suppliers in the sectors of construction, electrical repair/prevention for wind turbine and heavy equipment, biofuel, food production and food processing, metal products production for mining companies, among others; (3) completing the technical implementation of the Online Company Registration System which supports the reform of Starting a Business; and (4) continuing the process of documenting the positive impact of reforms on private sector development in Mongolia.

Trading Across Borders: Over the next quarter BPI will complete the second phase of the specialized technical assistance to CGA to strengthen its PCA department, allowing for deepening of the risk management system, which will result in a higher proportion of cargo to go through the “green” and “yellow” channels. Additionally, BPI will complete the recruitment for a specialized technical assistance to support CGA Risk Management department. Finally, BPI will work with the Mongolia National Chamber of Commerce and Industry (MNCCI), Customs and the Cabinet Secretariat to organize a public-private dialogue on how the TAB reforms are being implemented from the private sector point of view.

Dealing with Construction Permits: BPI will remain engaged with the MCUD in the next quarter. BPI will intensify its coordination with the MCUD to ensure that the new draft Construction Code which has been developed with BPI assistance can be submitted to Cabinet for revision and approval and complete for Parliament submission at the beginning of the fall session that starts in October 1, 2013. BPI will remain engaged with the Ulaanbaatar Municipality to ensure that recommendations provided by BPI short-term advisors who visited Mongolia earlier this year continue to be implemented in order for the OSS to provide effective services such as construction permitting.

Starting a Business: During the current quarter subcontractor Alfa XP finalized the Beta version of the Online Company Registration System for GASR. Over the next quarter, the BPI project will work closely with GASR and Alfa XP to ensure the technical completion of the new online registration system. Simultaneously with the OCRS the project will continue to support the GASR working group to ensure that the new BPI supported company registration legal package, currently at the Ministry of Justice, can be submitted to the Cabinet for revision and approval and prepared for Parliament submission at the beginning of the fall session beginning October 1, 2013.

Paying Taxes: During the next quarter the BPI project will support GDT in implementing a broad-based training program for both tax officers and taxpayers in the areas of e-filing and e-payment. The training will aim to educate taxpayers on the new e-filing platform and new e-payment options in order to ensure that Mongolia completes the e-filing reform under the doing business framework. Once e-filing and e-payment is in place and used by more than 50 percent of taxpayers, the Doing Business Report would reduce the number of payments to one, even if multiple payments are made throughout the year. Hence, the total number of tax payments would be reduced from 41 to less than 19. This is considered a second generation reform that will ensure Mongolia continues to improve its rating in the 2015 Doing Business Report. BPI will continue to work closely with GDT to determine if there are additional areas for potential collaboration with the project, taking into consideration the availability of resources and the timeframe remaining.

PIR 2: Private sector capacity and competitiveness strengthened

Quality Management: In the next quarter, QSDC will hold its first internal auditor training in conjunction with SGS, the largest inspection agency in the world. Internal auditor training will enable companies to identify their own problems and develop the corresponding solutions without the need for third-party consultants. QSDC and Wagner Asia will conduct the second Six Sigma training as more Mongolian companies realize its value to their overall operations. To develop new training programs, QSDC will conduct a training needs assessment not only with SMEs but with large local and foreign corporations operating in Mongolia. New programs will give QSDC the first-to-market advantage.

QSDC will identify other international institutions that it can partner with to build local trainer and/or in-house capabilities so each program operates on a profitable basis. QSDC will begin providing consultancy services as a logical complementary service to training. Consultancy represents a consistent source of revenue as this involves weeks or months of billable hours. QSDC and Wagner Asia are marketing their consulting services to Mongolian companies in Six Sigma. In July, QSDC and Wagner Asia submitted a consulting proposal to an oil company in Mongolia, which could represent its first Six Sigma consulting client. By end of the third quarter, QSDC and Wagner Asia will identify at least one other possible corporate client.

Supplier Development: Mining companies have recently shown signs of increased activity, most likely prompted by the first shipment of copper concentrate to China from the Oyu Tolgoi mine several weeks ago. QSDC will more aggressively contact mining companies as the economic environment improves to determine their supply chain needs and partner with suppliers to expand their capacity.

Two mining companies recently contacted QSDC to upgrade their suppliers' capabilities who manufacture personal protection equipment, electrical products, and food items. QSDC will actively pursue these projects as technical assistance will result in a transaction and increased sales. One mining company just received a license to operate in Western Mongolia, in a community with only 2000 people. They are building their supplier base from scratch so this presents an opportune time for QSDC to partner with this company and adopt a buyer-led approach to improve their suppliers' capacities.

A mining equipment supplier expressed interest in establishing a salvage assembly plant to repair, recondition, or overhaul high performance engines used in heavy machinery. This capability does not currently exist in Mongolia so this type of work is sent overseas. The company, however, is open to evaluating technical production capabilities of Mongolian companies based on the brand and type of machinery on the factory floor. To explore this opportunity, QSDC will introduce them to current clients including Geomash and other metal fabrication and machine shops in the country.

QSDC will actively pursue increasing the value added in the transactions it facilitates. A major buyer—General Electric—expressed interest in using more local suppliers, specifically in electrical repair work. QSDC will analyze the missing skill set and provide the necessary technical assistance to local businesses to take advantage of this market opportunity. This will represent a monumental leap for the Mongolian workforce as repairing GE engines, or engines in general, requires sophisticated and advanced skills that can be transferred to a wide variety of applications.

QSDC Plans for the future: Numerous studies have shown that access to finance is a major barrier to increasing sales that many SMEs face. Even if they have substantial orders from major buyers, SMEs do not have sufficient collateral to access loans from banks to finance working capital and/or capital equipment. QSDC will address this financing gap by requesting USAID assistance in establishing a \$250,000 technical assistance fund. This financing, which will be deployed in the form of an equity investment, will be used exclusively to fulfill a purchase order from a buyer. The verifiable increased cash flow deriving from the project will then be the basis for paying back QSDC's investment plus a return that takes the risk inherent in an early stage equity investment into account. The TAF will create a revolving fund to serve future QSDC clients and cover QSDC's operating costs related to the transactions.

Finally, QSDC will respond to a USAID Washington Development Grant Proposal (DGP). The DGP is a highly competitive process where NGO's from all USAID recipient countries will compete for grants with project ideas that are consistent with their corresponding countries' objectives which, in the case of Mongolia, are focused on governance and economic growth. A DGP grant will enable QSDC to expand both its supplier development services and training to grow the nascent organization and ensure its financial stability.

PIR 3: National dialogue on business enabling environment, governance, and competitiveness strengthened

Continued Cross-Cutting Engagement: In the coming quarter, the activities of PIR 3 will continue to communicate the work being done in PIR 1 and PIR 2 to the general public and stakeholders, including government and the private sector. Specifically the project's strategic communications team will focus on publicizing through roundtables, debates, and press conferences the business enabling environment reforms that were approved this quarter. For example, at the request of GDT, the project will assist the agency with a public education campaign to increase both taxpayers' and tax officers' understanding and compliance with tax laws, procedures, and services. BPI will assist GASI to develop a public communications strategy on construction reform to promote awareness throughout the industry on the specifications of the new law. Additionally, the project expects that the law accompanying the OCS will be finalized in the coming quarter, and BPI will work with GASI to publish the new law on the agency and project website in addition to organizing an official launch for the new system.

Furthermore, the project's strategic communications team will ramp-up activities related to policy dialogue with the private sector in the coming quarter to ensure increased public awareness and understanding of BEE reforms and facilitate national dialogue on competitiveness. For example, the strategic communications team will support the government of Mongolia in communicating the legal and regulatory changes to the World Bank's *Doing Business* survey team and private sector contributors to help ensure that these important reforms are captured for the 2014 survey through formal monthly working group meetings to facilitate private sector driven national policy dialogue.

SECTION II: PROJECT MANAGEMENT AND ADMINISTRATION

This section summarizes significant project management and administration activities, problems encountered and actions taken to solve them, and main activities scheduled for completion during the next quarter. Annex A contains a list of long-term local project staff and short-term expatriate and third-country national technical assistance assignments.

A. Significant project management and administration activities

During this quarterly reporting period, BPI project management and administration activities continued to support the delivery of programmatic and technical assistance across the three PIRs areas. Over the last quarter, the efforts of the project management team continued to focus on ensuring the BPI project has the right mix of staff to meet the needs of the project's refocused activities.

Key project management and administration actions and activities completed include:

- This quarter, Chemonics expected to finalize the contract modification with USAID, however the modification was officially received in the coming reporting period, July 2013.
- In June the project submitted the first draft and the revision of the Third Annual Work Plan, incorporating USAID comments and recommendations. In the coming reporting period the BPI project expects to finalize and submit the final version of the Y3 AWP.

B. Personnel

B1. Long-term expatriate personnel

During this reporting period, the project made one change to expatriate personnel:

- Marina Simic joined the project in May 2013 as the project strategic communications and development manager to replace Hilary Drew, who resigned at the end of the previous quarter.

B2. Long-term local personnel

Exhibit A-1 in Annex A provides a summary status of local staff as of the end of the reporting period. The BPI project announced an open recruitment for the translator-interpreter/editor position to fill the editor, who resigned in April, 2013. Also the project is recruiting a regulatory specialist to meet the needs of the project activities in the area of business enabling environment. The final candidate will be selected through a competitive selection in the coming quarter.

The following changes were made in local long-term personnel:

- Oyuntsetseg Gombosuren, Editor/Publications specialist resigned from the project as of May 1, 2013 due to her health condition;
- Munkhjargal Demberel, the Office manager took maternity leave starting June 6, 2013;
- Khaliun Yura, Monitoring and evaluation specialist returned from maternity leave on May 6, 2013.

B3. Deployment of short-term technical assistance

Deployment of short-term expatriate assistance proceeded according to the Submitted Year 2 Annual Work Plan schedule during the quarter. Eight (8) project-related technical assignments were completed or initiated during the quarter by a total of 10 short-term expatriates and third country consultants. Exhibit A–2 in Annex A provides details about the purpose of these assignments as well as dates of arrival and departure.

C. Status of subcontracts

During this reporting period, the BPI project continued to work with consortium partners as well as other Mongolian service providers to support the project's initiatives. Specific updates include:

- During the previous quarter, the BPI project executed an indefinite quantity subcontract valued below the simplified acquisitions threshold with Development Solutions (DS) to provide business advisory services in supporting the project's supplier development activities and issued three task orders. During this reporting period the BPI project issued additional five fixed price sub-task orders:
 - Under sub-task order no. 04, Development Solutions identified eight training centers for the QSDC by conducting an analysis of the current market and demand for the training programs on quality management.
 - Under sub-task order no. 05, Development Solutions conducted a site visit to the Ider Khairkhan, local firm currently struggling to meet buyers' requirements and increase their sales, and identified its current business practices.
 - Under sub-task order no. 06, Development Solutions identified six buyers for Ingen Tagsh LLC, camel milk product producer that currently is working on widening its sales market and looking for new buyers. Development Solutions accompanied the Ingen Tagsh representatives to all meetings with listed potential buyers, identified the nature of products and provided that information to the BPI project.
 - Under sub-task order no. 07, Development Solutions will support the QSDC transaction based component in identifying local companies who could potentially increase their sale of the products and/or services and provide technical assistance to selected suppliers to fulfill the realized sales task order target of 50 million MNT.
 - Under sub-task order no. 08, Development Solutions identified twelve (12) suppliers and eight (8) whole sale buyers. DS provided technical assistance to identified suppliers to participate at the annual Trade fair and provided to the BPI the information of actual increased sales and sales order of those companies during the Trade fair.
- Under the indefinite quantity subcontract with Economic and Legal Consultancy LLC (ELC), which was signed last year the BPI project issued three additional sub-task orders between April and June 2013:
 - Under sub-task order no. 04 ELC assisted the BPI and the Mongolian Authority for State Registration (GASR) to ensure that the legal environment supports the new registration process by drafting and providing final versions of internal procedures, the Law on Legal Entity Registration and proposed amendments to existing legislation..

- Under sub-task order no. 05 ELC assisted the BPI project and the construction working group to finalize the draft versions of the construction law and concept paper before submission to Parliament by incorporating the comments from the Ministry, his advisor and construction industry representatives based on the recommendations of the expatriate construction specialist and feedback from the MCUD.
 - Under sub-task order no. 06, ELC assisted the BPI project and the QSDC to formulate a repayment plan for technical assistance provided to clients to be included in grant agreement with the QSDC clients. ELC also provided a legal justification memo for the BPI personnel transfers to QSDC, and translation of the fixed obligation grants agreement template.
- Following full and open competition conducted in the last quarter of 2012, in January the BPI project executed a fixed price subcontract with Infinite Solutions LLC to create desktop and web-based applications for the Corporate Governance Diagnostic Toolkit. During this quarter the subcontractor successfully completed the assignment.
- During the previous quarter the project executed a firm fixed price subcontract with Alfa XP, an international IT firm, to design an online company registration system for GASR upon receipt of the contracting officer consent (Consent was required because the value of the subcontract exceeds USD150,000). The project also requested and received an ADS-548 review which resulted in no comments or recommendations. The subcontract is ongoing and will be completed in the coming quarter.
- Under the indefinite quantity subcontract with Georgia-based Policy Management Consulting Group (PMCG) which was signed in the third quarter of the last year, the project issued two additional sub-task orders in April 2013:
 - Under sub-task order no. 06, PMCG supported the MCUD in responding to industry stakeholders on the draft construction law and revising the law when appropriate.
 - Under sub-task order no. 07, PMCG facilitated series of meetings for UBM OSS team with Georgian representatives involved in the OSS operations for the two days the delegation spent in Georgia as well as site visits to the local OSS.
- During the reporting period the project executed the fixed price subcontract with the Institute of Finance and Economics (IFE) to conduct the basic accounting training for the PCA department, CGA prior to the sets of training to be provided by the international expert. The subcontractor successfully completed the tasks within the quarter.
- In May the project executed a fixed price subcontract with Churchill's LLC, the latter provided an expatriate trainer, certified through the Chartered Institute of Environmental Health (CIEH) and the translator for the HACCP training to the BPI project to support the QSDC training component.

D. Project and contract management actions expected for the next quarter

Project and contract management actions expected to be completed during the next quarter include the following:

- Finalize prime contract modification based on a revised scope of work and period of performance for the project.
- Finalize and submit final version of the Y3 AWP.
- Initiate consortium subcontract modifications to the TPI and OSF subcontracts to align both with the modification to the prime contract.
- Finalize the recruitment of candidates for Mongolian long-term positions, and submit the required approval requests to USAID.
- Transfer BPI project's private sector component local employees to QSDC.
- Field short-term local and expatriate assistance to complete technical assignments in accordance with the submitted draft Year 3 Annual Work Plan.
- Negotiate a sub task-order under IQS with ELC LLC to assist the BPI project and QSDC to review, revise and provide appropriate languages to finalize the draft employment agreements for long-term local staff, in compliance with the local labor law.
- Negotiate a firm fixed price subcontract with Churchill's LLC to provide a targeted short-term support to the BPI project to assist the QSDC transaction based component.
- Negotiate a sub-task order under IQS with Orchard Consulting LLC to facilitate the work of Alfa XP with GASR and provide communications and technical support to the project and GASR.
- Close-down the FFP subcontract with Alfa XP executed to establish an OCSR for GASR.

**ANNEX A: LONG-TERM LOCAL PERSONNEL AND EXPATRIATE
SHORT-TERM ASSIGNMENTS**

ANNEX A: Long-term local personnel and expatriate short-term assignments

Exhibit A-1: Local long-term project staff as of the end of January – March 2013 quarter			
Employee name	Position	Start date	End date
Uurtsaikh Sangi	Deputy chief of party	Jun 20, 2011	
Altanzaya Baldan	Accountant	Jun 20, 2011	
Zul Sabikhan	Operations Manager	Jun 20, 2011	
Khaliun Yura	M&E specialist	Jul 27, 2011	
Tsolmon Naidandorj	Video and graphics coordinator	Jul 28, 2011	
Oyuntsetseg Gombosuren	Editor/Publications specialist	Jul 28, 2011	April 30, 2013
Dulguun Mijiddorj	Training coordinator	Aug 22, 2011	
Batmunkh Perlii	Driver/Messenger	Aug 22, 2011	
Myagmar Gombo	Driver/Messenger	Sep 12, 2011	
Gerelmaa Tumurbaatar	Accounting assistant	Oct 7, 2011	
Oyunbold Gansukh	IT manager	Oct 7, 2011	
Khishigjargal Purevsuren	Financial analyst	Oct 31, 2011	
Khangal Davaa	Financial markets specialist	Jan 3, 2012	
Amgalan Nordov	Regulatory reform manager	Jan 3, 2012	
Solongo Samdandovjid	Business environment and competitiveness specialist	Jul 16, 2012	
Davaakhuu Baatar	Translator/Interpreter	Jul 16, 2012	
Solongo Purevjav	Private sector development associate/Grants assistant	Sep 14, 2012	
Munkhjargal Demberel	Office manager	Sep 26, 2012	
Ariuntuya Ayurzana	Public private dialogue specialist (TPI)	Oct 5, 2012	
Khash-Erdene Battsengel	Business Development Advisor (OSF)	Nov 19, 2012	

Exhibit A-2: Short-term technical assignments during the January – March 2013 quarter

Name	Purpose of assignment	Date of arrival	Date of departure
Olin McGill	BEE reforms	April 14, 2013	May 19, 2013
Barrie Evans	Delivery of the Food safety and Hygiene in catering and HACCP training programs	February 1, 2013	December 1, 2013
Dumitru Svidchi	Detailed work plan on OCRS for GASR	March 23, 2013	April 6, 2013
Luc Vocks	Detailed work plan on OCRS for GASR	March 23, 2013	April 6, 2013
Dumitru Svidchi	OCRS Portal Beta version for GASR: structure support	May 25, 2013	June 8, 2013
Luc Vocks	OCRS Portal Beta version for GASR: structure support	May 25, 2013	June 8, 2013
Leonid Popusoi	OCRS Portal Beta version for GASR: IT support	May 21, 2013	June 1, 2013
Alex Iacovlev	OCRS Portal Beta version for GASR: IT support	May 20, 2013	June 1, 2013
Jeffrey Rozwadowski	TOT program and training on customer service for GDT	March 24, 2013	April 28, 2013
Aleksandr Reut	Consultancy to yield an overall increase in sales at Geomash LLC, the Mongolian metal, mining and construction company on the carbon tool steel production by improving the heating and cooling techniques	May 27, 2013	June 9, 2013
Laurence Gidley	PCA training program to strengthen the CGA PCA department to continue developing its risk management module	May 20, 2013	June 15, 2013
Amy Denkenburger	Acting COP	May 30, 2013	June 20, 2013

**ANNEX B: PERFORMANCE INDICATORS, BASELINE, AND TARGETS FOR
ANNUAL WORKPLAN-3**

ANNEXB: Performance indicators, baseline, targets, and results for Annual Work Plan-2											
PIR1:Business enabling environment, governance, and country competitiveness policies and practices improved											
KRA 1.1 Trade, paying taxes, getting new electricity connections and construction procedures simplified											
		Baseline DB2013/ AWP-2	AWP-3 Target		Apr- Jun	Jul- Sep	Oct- Dec	Jan- Mar	Apr- Jun	AWP-3 Results	LOP Target
1.1.1	Time and cost of clearing imports and exports reduced										
1.1.1a	Number of documents required to export/import a shipment	10/11	3/3	Target	6/6	5/5	3/3	3/3	3/3	3/3	3/3
				Actual	6/6						
1.1.1b	Number of days required to export/import a shipment	49/50	27/28	Target	39/40	35/36	30/31	27/28	27/28	27/28	27/28
				Actual	39/40						
1.1.2	Burden of compliance with tax administration procedures reduced										
1.1.2a	Number of payments per year:	41	19	Target	41	41	19	19	19	19	19
				Actual	41						
1.1.2b	Number of hours per year required to comply with paying taxes	192	133	Target	160	150	133	133	133	133	133
				Actual	160						
1.1.2c	Percentage of taxpayers that use e-payment for VAT, CIT and PIT taxes	29%	55%	Target	30%	35%	40%	50%	55%	55%	55%
				Actual	29%						
1.1.3	Construction permits procedures streamlined										
1.1.3a	Number of procedures to build a warehouse legally	19	13	Target	18	16	13	13	13	13	13
				Actual	16						13

1.1.3b	Number of calendar days required to complete all procedures:	208	120	Target	190	130	120	120	120	120	120
				Actual	190						
1.1.4	Getting new electricity connections processes simplified										
1.1.4a	Number of procedures to obtain an electricity connection:	8	5	Target	7	6	5	5	5	5	5
				Actual	7						5
1.1.4b	Number of calendar days required to complete all procedures:	126	102	Target	116	110	102	102	102	102	102
				Actual	116						102
1.1.5	Online company registration system established										
1.1.5a	Number of procedures to start a business:	7	4	Target	7	6	4	4	4	4	4
				Actual	6						
1.1.5b	Number of calendar days required to complete all procedures:	12	5	Target	12	10	5	5	5	5	5
				Actual	10						
1.2.1	Customs risk management program strengthened										
1.2.1a	Percentage of "green and yellow channel" shipments:	32.8%	40%	Target	33%	35%	35%	40%	40%	40%	40%
				Actual	38%						
				Actual							
1.2.2	Customs post clearance audit program strengthened										
1.2.2a	Number of PCA audits conducted with valuation training from BPI	0	50	Target	0	10	10	20	10		50
				Actual							
1.2.2b	Person/days of training on PCA and other trade facilitation delivered	226	409	Target	94		250	65		409	635
				Actual	248						

1.3	Enabling legal and regulatory environment strengthened										
1.3.1	Percentage of progress in facilitating Draft Construction law	55%	100%	Target	55%	75%	100%	100%	100%	100%	100%
				Actual							
1.3.2	Percentage of progress in facilitating Legal Entities law	55%	100%	Target	55%	75%	100%	100%	100%	100%	100%
				Actual							
1.3.3	Number of trade related regulatory measures facilitated	0	2	Target			1	1		2	2
				Actual							
1.3.4	Number of regulatory measures facilitated to implement the new Securities Markets law	0	3	Target			1	1	1	3	3
				Actual							
BPI METRICS FOR LAWS & REGULATIONS (Contractor's manageable interest): Concept paper 10% Working draft 20% Technical review 25% Public dialogue 20% Draft hand-over 25%.											
PERFORMANCE METRICS FOR LAWS AND REGULATIONS: MoJHA clearance Cabinet approval Parliament Standing Committee clearance Inclusion in Parliament agenda Parliament approval.											
PIR2: Private sector capacity and competitiveness strengthened											
KRA 2.1 Capacity of Mongolian private sector firms to sell products and services meeting buyers' and market demand strengthened											
		Baseline Value	AWP-3 Target		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-May	AWP-3 Results	LOP Target
2.1.1	Consolidation of QSDC: Buyer-supplier transactions facilitated										
2.1.1a	Number of products/services with buyer's specifications:	23	40	Target	20	8	11	10	7	40	63
				Actual	46						
2.1.1b	Number of due diligence conducted on suppliers:	25	26	Target	15	8	6	5	4	26	51
				Actual	11						
2.1.1c	Number of TAF contracts to assist potential suppliers:	7	18	Target	9	5	6	2	2	18	24
				Actual	2						

2.1.1d	Number of purchase orders fulfilled:	1	24	Target	10	8	6	4	3	24	25
				Actual	8						
2.1.1e	Expected Value of transactions facilitated (million MNT)	n/a	1 billion MNT	Target	200	200	400	100	100	1,000	1 billion MNT
				Actual	197.5						
KRA 2.2 Capacity of private sector-led institutions to contribute to an enabling business environment, governance, and country competitiveness strengthened											
2.2	Capacity of private-led institutions strengthened										
2.2.1	Number of person/days of training delivered on BPI's developed toolkits	86	50	Target		10	20	20		50	136
				Actual							
2.2.2	Number of cost-sharing agreements and/or subcontracts with local partner institutions to work on BEE issues:	9	5	Target	1	1	1	1	1	5	14
				Actual	5						
KRA 2.3 Partnerships that leverage resources to improve business and country competitiveness, promote an enabling business environment and good governance facilitated											
2.3	Consolidation of the QSDC: Quality assurance training program										
2.3.1	Number of trainings on quality assurance related topics delivered	6	12	Target	1	3	3	3	2	12	18
				Actual	2						
2.3.2	Number of person/days of training delivered on quality assurance related topics	538	300	Target	60	180	180	180	120	720	1,258
				Actual	31						

PIR3: National private sector driven and supported dialogue on business enabling environment, governance, and competitiveness strengthened											
KRA 3.1 Increased public awareness of country competitiveness and governance issues, business enabling environment reforms, international experiences, and best practices											
		<i>Baseline Value</i>	<i>AWP-3 Target</i>		<i>Apr-Jun</i>	<i>Jul-Sep</i>	<i>Oct-Dec</i>	<i>Jan-Mar</i>	<i>Apr-Jun</i>	<i>AWP-3 Results</i>	<i>LOP Target</i>
3.1	<i>Increased public awareness of BEE and competitiveness issues</i>										
3.1.1	<i>Number of public events held on BEE or competitiveness issues:</i>	56	50	<i>Target</i>	10	10	15	15	7	50	106
				<i>Actual</i>	39						
3.1.2	<i>Number of person/days of attendance at public events:</i>	1,575	1,000	<i>Target</i>	200	200	300	250	200	1,000	2,575
				<i>Actual</i>	2,268						
3.1.3	<i>Number of workshops held for journalists:</i>	28	20	<i>Target</i>	4	3	5	5	5	20	48
				<i>Actual</i>	11						